



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

EIGHTEENTH CONGRESS
Third Regular Session

House Bill No. 10440



Introduced by Representative Junie E. Cua
Lone District, Quirino

AN ACT
REORGANIZING THE LAND BANK OF THE PHILIPPINES
AND FOR OTHER PURPOSES

EXPLANATORY NOTE

The Land Bank of the Philippines (LANDBANK) is a government financial institution which was created by virtue of Republic Act (R.A.) No. 3844 also known as the Agricultural Land Reform Code on 8 August 1963 to finance primarily the acquisition and distribution of agricultural estates for division and resale to small landholders as well as the purchase of the landholdings by agricultural lessees. On 21 July 1973, Presidential Decree (PD) No. 251 expanded LANDBANK's functions, and it became the first universal bank in Philippine banking history. The broadened commercial banking powers include lending to agricultural, industrial, home financing projects, and other productive enterprises, along with the social mission of spurring countryside development. The more recent laws, R.A. No. 6657 (Comprehensive Agrarian Reform Law), as amended by R.A. No. 9700 (CARPER) identifies LANDBANK as a financial intermediary of the National Government (NG) for the Comprehensive Agrarian Reform Program.

Over the years, LANDBANK grew as an institution from being the financing arm of the agrarian reform program to become the second-largest full service-commercial bank in the country in terms of assets. It has also transformed further into a policy-oriented financial entity supporting the NG's socio-economic development agenda as embodied in the Philippine Development Plan 2017-2022. In the banking industry, LANDBANK has the most extensive reach being the only bank with presence in all of the country's 81 provinces through its vast network composed of 479 branches and branch-lite units along with its various local partners as of 30 September 2021. In support of the NG's financial inclusion initiatives, the Bank has likewise accelerated its digital transformation to bring more unbanked Filipinos into the formal banking system taking into account the continuous surge in the use of electronic banking channels amid the crisis. Given these, the Bank pivots accordingly to respond to the developing requirements not only of the small farmers and fishers but also the micro, small and medium enterprises (MSMEs), countryside financial institutions (CFIs), local government units

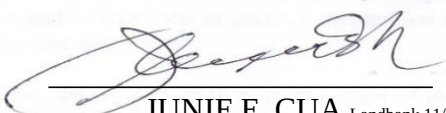
(LGUs), and government agencies that propel robust, sustainable, and more inclusive economic growth. To date, LANDBANK plays a crucial role in economic recovery efforts from COVID-19 pandemic through various policy interventions such as Bayanihan I (R.A. No. 11469) and II (R.A. No. 11494) laws.

While the Bank seizes broader and enumerable opportunities to contribute to the structural makeup of the country's economy, it remains on course in the original intent for which it was created as reflected by its continued and intensified efforts in responding to the emerging needs and banking requirements of Filipino farmers, fishers, and other players in the agribusiness value chain. Relatedly, LANDBANK has consistently complied with the Agri-Agra Law, which requires all banking institutions to allot 15% of their total lending portfolio for agriculture loans and 10% for agrarian reform credit. As of December 2020, LANDBANK's compliance reached 76.95% and 11.52% for agricultural and agrarian reform loans, respectively. The Bank's agriculture lending has also been consistently growing from ₱222.05 billion in 2018, to ₱236.31 billion in 2019, and ₱237.62 billion in 2020.

Against this backdrop, the constantly evolving Philippine financial landscape, coupled with the Bank's redefined roles in supporting the NG's sustainable development agenda, necessitates to institute a standalone legal and operational framework for LANDBANK. Hence, this policy initiative seeks to amend the LANDBANK Charter that will place the Bank in a stronger position to pursue further the policy thrusts of the NG especially on countryside development, while sustaining its institutional viability amid a highly competitive banking industry. This policy reform will also bolster its existing corporate and risk governance mechanisms that will drive greater operational efficiencies and enhance the Bank's organizational agility to elevate its financial inclusion initiatives in the best interest of the banking public that embody LANDBANK's commitment in serving the nation. In the exercise of the LANDBANK's mandates, certain powers and functions shall be modified that would allow the Bank to boost its capital-raising capabilities, sustain and foster a competitive manpower pool, and streamline its banking processes to keep pace with the developments in the market. This initiative will also address the change in the Bank's role in the country's agrarian reform program.

The proposed amendments are imperative to reinforce not only the benefits of all agricultural stakeholders across the entire agribusiness value chain and all other economic segments, but also the advantages at the national level to help promote fiscal sustainability and reinvigorate the country's financial system.

In view of the foregoing, the immediate approval of this legislative measure is earnestly sought.



JUNIE E. CUA Landbank 11/03/21



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

EIGHTEENTH CONGRESS
Third Regular Session

House Bill No. 10440

Introduced by Representative Junie E. Cua
Lone District, Quirino

AN ACT
REORGANIZING THE LAND BANK OF THE PHILIPPINES
AND FOR OTHER PURPOSES

Be it enacted by the Senate and the House of Representatives of the Philippines in Congress assembled:

1 **SECTION. 1.** This Act shall be known as “An Act Reorganizing the Land Bank of the
2 Philippines”, hereinafter referred to as the ‘Bank’.

3
4 **SEC. 2. Name, Purpose and Domicile.** – The Bank, operating under the provisions of
5 Republic Act No. 3844, as amended, shall henceforth operate under the provisions of this Act
6 to be a government financial institution for agricultural development. The Bank shall remain
7 to be a body corporate and shall have a perpetual existence.

8
9 The Bank’s principal office and place of business shall be in the National Capital Region, also
10 known as Metro Manila. It may, however, open and maintain branches, agencies or other
11 offices at such places in the Philippines as its Board of Directors may deem advisable, with the
12 prior approval of the Monetary Board of the Bangko Sentral ng Pilipinas.

13
14 The Bank shall allocate five percent (5%) of its regular loan portfolio (net of loans to the
15 Bangko Sentral ng Pilipinas, interbank loans and availments from domestic bills purchase line),
16 for socialized credit to qualified small farmers, fisherfolk and agrarian reform beneficiaries
17 (ARBs). This facility shall solely finance agricultural projects pursuant to the provisions of
18 Section 4 of Republic Act No. 10000, otherwise known as ‘The Agri-Agra Reform Credit Act
19 of 2009’.

20
21 Credits extended to the beneficiaries named therein under this facility shall be based on the
22 feasibility of the project and their paying capacity, their estimated production, and/or securities
23 they can provide as well as assets as may be acquired by them from the proceeds of the loan.

1
2 This facility will be funded through the operations of the Bank itself and will not require
3 additional government funding.
4

5 All loans extended through this special socialized credit facility shall qualify as part of the
6 Bank's compliance with the Agri-Agra Law.
7

8 Credit under this special socialized credit facility shall be extended through the following
9 conduits:
10

- 11 (a) Farmers' and fisherfolk's cooperatives;
- 12 (b) Farmers' and fisherfolk's organizations or associations;
- 13 (c) Nonagricultural cooperatives (credit and multipurpose);
- 14 (d) Cooperative banks;
- 15 (e) Rural banks;
- 16 (f) Thrift banks;
- 17 (g) Agri-business firms or anchor firms providing credit support to ARBs, and small farmers
18 and fisherfolk; and
- 19 (h) Duly accredited microfinance nongovernment organizations by the Microfinance NGO
20 Regulatory Council.
21

22 Loans under this special socialized credit facility shall have an interest rate equivalent to not
23 more than seventy-five percent (75%) of the Bank's prevailing rates for loans to cooperatives:
24 Provided, That these conduits shall have an interest spread of not more than five (5) percentage
25 points. The interest spread shall exclude crop insurance premiums and guarantee fees:
26 Provided, further, That a conduit cannot lend to another conduit.
27

28 Criteria for eligibility under this special socialized credit facility shall be determined by the
29 Bank and shall be reflected in the implementing rules and regulations.
30

31 **SEC. 3. Powers in General.** The Bank shall have the power:

- 32 1. To prescribe, repeal and alter its own by-laws, to determine its operating policies, and
33 to issue such rules and regulations as may be necessary;
34
- 35 2. To adopt, alter and use a corporate seal;
36
- 37 3. To hold, purchase, acquire and own real and personal property, introduce necessary
38 improvements thereon to enhance and develop their social and economic value, and to
39 sell, mortgagor otherwise dispose of the same;
40
- 41 4. To sue and be sued, make contracts, negotiate and secure loans from both local and
42 foreign sources. Before undertaking any such credit operation, the Bank through the
43 Secretary of Finance, shall request the opinion, in writing, of the Monetary Board on
44 the monetary implications of the contemplated action. All loans from foreign sources
45 shall be subject to approval by the President of the Philippines and shall be fully
46 guaranteed by the Philippine Government;
47
- 48 5. To grant short-, medium- and long-term loans and advances against security of real
49 estate and/or other acceptable assets for the establishment, development or expansion

of agricultural, industrial, home building or home financing projects and other productive enterprises;

6. To grant loans to farmers' cooperatives/associations to facilitate production, marketing of crops and acquisition of essential commodities;
7. To underwrite, hold, own, purchase, acquire, sell, mortgage, dispose or otherwise invest or reinvest in stocks, bonds, debentures, securities and other evidences of indebtedness of other corporations and of the government or its instrumentalities which are issued for or in connection with any project or enterprise;
8. The provision of any law to the contrary notwithstanding, to guarantee acceptance(s), credits, loans, transactions or obligations of any person, co-partnership, association or corporation in favor of any financing or banking institution, whether foreign or domestic; Provided, That the proceeds of such acceptances, credits, loans, transactions or obligations are utilized or earmarked for the development and/or expansion of agriculture and industry;
9. To borrow from, or rediscount notes, bills of exchange and other commercial papers with the Bangko Sentral ng Pilipinas. The rate of interest to be charged and the conditions on such obligations or borrowing shall be subject to the rules and regulations of the Monetary Board;
10. To act as a trustee, or administer any trust or hold property in trust in accordance with the provisions of law governing trust corporations;
11. To act as an official government depository with full authority to maintain deposits of the government, its branches, subdivisions and instrumentalities, and of government-owned or controlled corporations which deposits shall be subject to liquidity floor and/or reserve requirements as may be imposed by the Monetary Board upon other commercial banks;
12. For the strengthening of the capital base of the bank, to establish a national marketing umbrella for farmers and fisheries cooperatives to attract massive capital formation from savings deposits of the cooperative members nationwide;
13. To offer and issue common and preferred shares of stocks in such manner and in such quantities as approved by the Secretary of Finance upon the recommendation of the Board of Directors and in accordance with applicable laws, rules and regulations: Provided, However, That the National Government shall maintain, at all times, at least two-thirds (2/3) ownership of the total outstanding common voting shares of the Bank.

Except the National Government, no individual or group shall vote more than five percent (5%) of the total outstanding capital stock.

Preferred shares of stock shall be non-voting. Other features of preferred shares shall be determined by the Board of Directors in accordance with applicable laws and regulations.

1 14. To exercise the general powers as mentioned in Republic Act No. 11232, or the Revised
2 Corporation Code and the universal banking powers under Republic Act No. 8791, as
3 amended, or the General Banking Law of 2000, insofar as they are not inconsistent or
4 incompatible with this Charter.

5 **SEC. 4. Issuance of Bonds.** The Bank, shall, upon the approval of the Secretary of Finance,
6 issue all kinds of bonds, debentures, securities, collaterals and other evidences of indebtedness
7 and/or the renewal or refunding thereof; at such terms, rates and conditions as the Bank may
8 determine, up to an aggregate amount not exceeding, at any one time, ten times its paid-in
9 capital and surplus, subject to compliance with the provisions of applicable law, and rules and
10 regulations promulgated by the Monetary Board.

11 These bonds and other obligations shall be redeemable at the option of the Bank at or before
12 maturity and in such manner as may be stipulated therein and shall bear such rate of interest as
13 may be fixed by the Bank. Such obligations shall be secured by the assets of the Bank including
14 the stocks, bonds, debentures, and other securities underwritten, purchased or held by it under
15 the provisions of this Charter. Such obligations may be issued in payment and/or replacement
16 of certain assets transferred to the Bank and/or offered for sale at such price or prices as the
17 Bank may determine, and shall be exempt from taxation both as to principal and interest, and
18 shall be fully guaranteed by the Government of the Republic of the Philippines, and such
19 guarantee shall be expressed on the face thereof.

20 These instruments of indebtedness shall be negotiable and may be mortgaged in accordance
21 with established banking procedures and practices with government institutions, their existing
22 charters and/or laws to the contrary notwithstanding, to enable the holders of such bonds to
23 make use of them in investments in productive enterprises. The Board of Directors shall have
24 the power to prescribe rules and regulations for the issuance, reissuance, servicing, placement
25 and redemption of the bonds herein authorized to be issued as well as the registration of such
26 bonds at the request of the holders thereof.

27 **SEC. 5. Investment by Government-Owned or Controlled Corporations.** The provisions
28 of their respective charters to the contrary notwithstanding, all government-owned or
29 controlled corporations, including government financial institutions, are authorized to invest in
30 preferred shares of the Bank and/or accept those shares in exchange for any of their assets or
31 properties under such terms and conditions as shall be agreed upon between the corporations
32 or institutions concerned and the Bank.

33 **SEC. 6. Capital.** Upon the effectivity of this Act, the authorized capital stock of the Bank shall
34 be Two hundred billion pesos (P200,000,000,000.00), divided into two billion (2,000,000,000)
35 common shares with a par value of one hundred pesos (P100.00) per share, which shall be fully
36 subscribed by the National Government. The Board, upon the recommendation of the Secretary
37 of Finance and with the approval of the President of the Philippines, may increase the
38 capitalization of the Bank up to such an amount as may be necessary to attain the objectives of
39 this Charter.

40 **SEC. 7. Preferred Shares.** All preferred shares of stock issued under this Charter shall be
41 entitled to the income earned by the Bank on its investment and other operations; Provided,
42 That the holders of such preferred shares of stock shall not bring derivative suits against the
43 Bank.

44 **SEC. 8. Voting of Shares.** The voting power of all the common shares of stock of the Bank
45 owned and controlled by the Government shall be vested in the President of the Philippines or

in any *ex-officio* member of the Board of Directors of the Bank or their respective alternates, as may be designated by the *ex-officio* member.

SEC. 9. The Board of Directors; Membership; Per Diem. The affairs and business of the Bank shall be directed and its property managed and preserved by a Board of Directors consisting of eleven (11) members to be composed of the Secretary of Finance as Chairperson, the President of the Bank as Vice-Chairperson, the Secretary of Agrarian Reform, the Secretary of Labor, the Secretary of the National Economic and Development Authority and the Secretary of Agriculture as *ex-officio* members; The President of the Philippines shall appoint two (2) members of the Board who shall represent the agrarian reform beneficiaries and three (3) members who shall represent the private sector.

Annually, on the first Tuesday after the first Monday in December, the stockholders meeting shall be held.

The appointive members of the Board shall hold a term of office for one (1) year and shall continue to hold office until their successor shall have been appointed and qualified. The Board shall convene as often as necessary to discharge its responsibilities properly, but shall meet at least once every two (2) weeks. The Board may be convoked either by the Chairman or in his absence, the Vice-Chairman.

The majority of the board members shall constitute a quorum. All decisions of the Board shall require the concurrence of at least a majority.

No person shall be elected or appointed director of the Bank unless that person is a natural born citizen of the Philippines, not less than thirty-five (35) years of age, of good moral character, and has attained proficiency, expertise and recognized competence in one or more of the following: banking, finance, economics, law, agriculture, agrarian reform, business management: Provided, further, That no director, shareholder or employee of any other bank shall be eligible for election or appointment as member of the Board of Directors of the Bank.

SEC. 10. Powers and Responsibilities of the Board. The Board of Directors shall have, among others, the following specific powers and responsibilities;

1. Formulate policies, rules and regulations for the effective operation of the Bank and issue such rules and regulations as it may deem necessary to effectively implement the provisions of this Charter;
2. Take decisions, concerning loans, as well as fix the rates of interest thereon, guarantees, investments, borrowings by the Bank, furnishing of technical assistance and other operations of the Bank;
3. Establish such branches and agencies as may be deemed necessary and convenient;
4. Provide for the appointment and removal and fix the reasonable compensation of such personnel as may be necessary for the expeditious conduct of the business of the Bank;
5. Notwithstanding any law to the contrary, to adopt and review the organizational structure and staffing pattern of the Bank as well as qualification standards and/or to reorganize, rationalize, restructure the same or realign the various functions in the Bank to ensure effective accomplishment of its mandates and strategic goals, alignment of its organizational structure and staffing pattern with industry standards and its responsiveness to regulatory requirements.

6. To design, adopt and revise, as it may deem necessary, an early separation plan for employees of the Bank to ensure availability of a human resource pool qualified and capable of implementing the Bank's authorities under this Charter in a manner responsive and attuned to market developments, and to provide incentives for those who shall be separated from the service. Notwithstanding any law to the contrary, these incentives shall be in addition to all gratuities and benefits the employee is entitled under existing laws.

7. Approve the Budget of the Bank for its administration, support, and operations.

8. To compromise or release in whole or in part, any claim or liability whatsoever for or against the Bank, including interest, penalties, fees and/or other charges, under such terms and conditions as the board may find acceptable and practicable subject to their best business judgment and to the best interest of the corporation in accord with standard banking practices.

SEC. 11. Corporate Social Responsibility Principles. As an integral part of the National Government, the Bank is inherently mandated to be socially responsible, to act and operate as good corporate citizens. The Governing Board of the Bank shall recognize and perform obligations that the Bank has towards the National Government, its majority stockholder, as well as the minority stockholders when existing, together with the employees, suppliers, customers and other stakeholders, and the communities in which it operates.

SEC. 12 Foreclosure of Collaterals and Disposal of Bank Acquired Properties.

1. Foreclosure of Mortgage Collaterals – Foreclosure of mortgage collaterals to loan may be made either judicially or extrajudicially, Provided, that movable collaterals may be foreclosed in its present condition or following any commercially reasonable preparation in accordance with Republic Act No. 11057, other known as the "Personal Property Security Act".

2. Deputization of Legal Staff – The Bank may, with the approval of the court, deputize any member of its legal staff to act as special sheriff in foreclosure cases, in the sale or attachment of debtor's properties and in the enforcement of court writs and processes in cases involving the Bank. The Special Sheriff of the Bank shall make a report to the proper court after any action has been taken by said Special Sheriff, which court shall treat such actions as if it were an act of its own sheriffs in all respect.

3. Disposal of Real Estate and Other Properties in the Collection of Debt – Real Estate and other properties acquired by the Bank in the collection of debts or investment by way of foreclosure or other means shall be sold or disposed of in accordance with law, within five (5) years after date of acquisition.

The Bank is also authorized to sell its acquired real estate and other properties to a Financial Institutions Strategic Transfer Corporation (FISTC), in accordance with the provisions of Republic Act No. 11523 or the "Financial Institutions Strategic Transfer (FIST) Act".

For this purpose, the Board of Directors shall be the appropriate regulatory authority and promulgate the necessary implementing rules and regulations.

- 1
- 2 4. Exemption from Attachment – The provisions of any law to the contrary
- 3 notwithstanding, securities on loans and/or other credit accommodations granted by the
- 4 bank shall not be subject to attachment, execution to any other court process, nor shall
- 5 they be included in the property of insolvent persons or institutions, unless all debts and
- 6 obligations of the debtors to the bank have been paid, including accrued interest,
- 7 penalties, collection expenses, and other charges.
- 8
- 9 5. Right of Redemption of Foreclosed Property, Right of Possession during Redemption
- 10 Period – Within the redemption period provided in Sec. 47 of the General Banking Law
- 11 of 2000, the mortgagor shall have the right to redeem the property by paying all claims
- 12 of the Bank against the mortgagor on the date of the sale including all the cost and other
- 13 expenses incurred by reason of the foreclosure sale and custody of the property, as well
- 14 as charges and accrued interest. The Bank may take possession of the foreclosed
- 15 property during the redemption period. When the Bank takes possession during such
- 16 period, it shall be entitled to the fruits of the property with no obligation to account for
- 17 them, the same being considered compensation for the interest that would otherwise
- 18 accrue on the account. Neither shall the Bank be obliged to post a bond for the purpose
- 19 of such possession.

20 **SEC. 13. Executive Officers: Compensation.** The President of the Bank shall be its Chief

21 Executive Officer whose salary shall be based on the Compensation and Position Classification

22 System developed by the Governance Commission for Government-Owned or –Controlled

23 Corporations (GCG) and as approved by the President of the Philippines upon recommendation

24 by the Secretary of Finance. The sum total of the salary allowances, benefits and other

25 emoluments of the President of the Bank shall be higher than the compensation package of the

26 next highest ranking executive of the Bank.

27 The President shall be assisted by Vice Presidents and other officials whose appointment and

28 removal for cause shall be approved by the Board of Directors upon recommendation of the

29 President of the Bank. The salary of the Vice President and other officials shall be based on the

30 Compensation and Classification System established by the GCG and as approved by the

31 President of the Philippines upon recommendation by the Secretary of Finance. During the

32 absence or temporary incapacity of the President, or in case of vacancy or permanent incapacity

33 and pending appointment of a new President of the Bank by the President of the Philippines,

34 the Board of Directors shall designate the officer-in-charge of the Bank.

35 **SEC. 14. Duties and Powers of the President.** The President of the Bank shall, among others,

36 execute the policies, measures, orders and resolutions promulgated by the Board of Directors

37 and supervise and administer the operations of the Bank. The President shall be the legal

38 representative of the Bank and shall make all contracts, enter into all necessary obligations on

39 behalf of the Bank required or permitted by this Charter. The President shall report periodically

40 to the Board of Directors the main facts concerning the operations of the Bank, and

41 recommended changes of policies which may seem best. The President shall furnish, upon the

42 request of the President of the Philippines, any information regarding the operations of the

43 Bank.

44 **SEC. 15. Qualifications of Executive Officers.** No person shall be appointed to any executive

45 position in the Bank mentioned in the preceding section unless that person is of good moral

46 character and of unquestionable integrity and responsibility, and who is of recognized

47 competence in the field of economics, agriculture, industry, law, banking and/or finance, and

48 possessed of demonstrated administrative skill and ability.

1 **SEC. 16. Withdrawal of Persons having Personal Interest.** In addition to the requirements
2 of Republic Act No. 6713, otherwise known as the Code of Conduct and Ethical Standards for
3 Public Officials and Employees, whenever any member attending a meeting of the Board has
4 a personal interest of any sort in the discussion or resolution of any given matter, or any of his
5 relatives within the fourth degree of consanguinity or a second degree of affinity has such
6 interest, said member shall disclose his or her interest to the Board and shall not participate in
7 the discussion or resolution of the matter and must retire from the meeting during the
8 deliberations thereon. The subject matter, when resolved, and the fact that a member had a
9 personal interest in it, shall be made available to the public. The minutes of the meeting shall
10 reflect the disclosure made and the recusal of the member concerned.

11 **SEC. 17. Personnel.** The Board of Directors shall provide for an organization and staff of
12 officers and employees of the Bank and upon recommendation of the President of the Bank,
13 appoint and remove such officers and employees; Provided, That the Board shall have
14 exclusive and final authority to promote, transfer, assign or reassign personnel of the Bank, any
15 provisions of existing law the contrary notwithstanding.

16 All positions in the Bank shall be governed by Compensation and Classification System
17 established by the GCG and as approved by the President of the Philippines upon
18 recommendation by the Secretary of Finance.

19 The Bank officers and employees, including all members of the Board, shall not engage directly
20 or indirectly in partisan activities or take part in any election except to vote.

21 No officer or employee of the Bank subject to the Civil Service Law and Regulations shall be
22 removed or suspended except for cause as provided by law.

23 **SEC. 18. Legal Counsel.** Any provision of existing law or executive order to the contrary
24 notwithstanding, the Bank shall have its own Legal Department which shall have the power to
25 represent the Bank in cases filed before courts, tribunals, and/or quasi-judicial bodies, render
26 opinions, prepare and review contracts/agreements, among others. The Head and members of
27 the Legal Department shall be appointed by the Board of Directors.

28 In appropriate cases, the Bank may also avail of the legal services of the Office of the
29 Government Corporate Counsel: Provided, however, that the present Legal Services Group in
30 the Bank shall serve as its in-house legal counsel.

31 **SEC. 19. Tax Exemptions.** The Bank shall be exempt from all national, provincial, municipal
32 and city taxes and assessments now enforced or hereinafter established.

33 The exemption authorized in the preceding paragraph of this section shall apply to all property
34 of the Bank, to the resources, receipts, expenditures, profits and income of the Bank, as well as
35 to all contracts, deeds, documents and transactions related to the loan facility in Section 2
36 hereof and agricultural credit; Provided, however, That said exemption shall apply only to such
37 taxes and assessments for which the Bank itself would otherwise be liable and shall not apply
38 to taxes or assessments payable by persons or other entities doing business with the Bank.

40 **TRANSITORY PROVISIONS**

42 **SEC. 20. Reorganization of the Bank.** – Within one hundred eighty (180) days from the
43 effectivity of this act, and whenever necessary thereafter, the Bank is hereby authorized to

1 reorganize and/or rationalize the Bank's organizational structure to attract fresh and critical
2 talents to join the Bank's workforce in response to dynamic industry trends, incentivize early
3 separation of tenured employees and those with medical conditions who will be considered for
4 retirement before the compulsory retirement age of sixty-five (65) years old, and improve
5 headcount management and succession planning.

6 All those who shall retire from the service or are separated therefrom on account of the
7 reorganization of the Bank under the provisions of this Charter shall be entitled to all gratuities
8 and benefits provided for under existing laws and/or supplementary retirement plans adopted
9 by and effective in the Bank.

10 **SEC. 21. Penalty for Violation of the Provisions of this Charter.** Any director, officer,
11 employee or agent of the Bank who violates or permits the violation of any of the provisions
12 of this Charter or any person aiding or abetting the violation of any of the provisions of this
13 Charter, shall be punished by a fine of not to exceed Five hundred thousand pesos or by
14 imprisonment of not more than five years, or both, such fine and imprisonment at the discretion
15 of the Court.

16 **SEC. 22. Separability Clause.** If any provision of this Act is subsequently declare invalid or
17 unconstitutional, the other provisions hereof which are not affected thereby shall remain in full
18 force and effect.

19 **SEC. 23. Repealing Clause.** All laws, executive orders, rules and regulations, or parts thereof
20 inconsistent with any provisions hereof are hereby repealed or modified accordingly.

21 **SEC. 24. Effectivity.** This Act shall take effect fifteen (15) days after its publication in the
22 *Official Gazette* or in a newspaper of general circulation.